

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-01 INR-05

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 USIA-06 PRS-01 SP-02

OMB-01 SWF-01 /096 R

DRAFTED BY TREAS:GC:DHSTOUG;TON

APPROVED BY EB/IFD/OMA:GPBALABANIS

TREAS:RALBRECHT

;TREAS:RPATRICK

TREAS:MBRADFIELD

TREAS:WBARREDA

TREAS:NGORDON

.STR:AHOLFF

STR:TGRAHAM; STATE:ECONSTABLE

STATE:TMINNIES; STATE:RHARDING

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R 202302Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY BONN

INFO USMISSION GENEVA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS:EFIN

SUBJECT: GATT PANELS ON DISC AND OTHER TAX PRACTICES

REF: A) GENEVA 4044; B) GENEVA 236; C) STATE 13985

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1. REQUEST YOUR ASSESSMENT OF THE QUALIFICATIONS OF

DR. ALBERT RAEDLER, AN EMINENT TAX LAUYER IN FRG, TO SERVE AS A TAX EXPERT ON FOUR GATT PANELS WHICH HAVE BEEN CONVENED BY T;E GATT COUNCIL. (REF. A). DR. RAEDLER'S LAST KNOWN ADDRESS IS LINDENSTRASSES 18A, 8011 VATERSTTEN. T;ESE PANELS, ESTABLISHED ON JULY 30, 1973, ARE TO CONSIDER THE COMPATIBILITY OF THE DISC LEGISLATION AND CERTAIN RELATED TAX PRACTICES OF 0ELGIUM, FRANCE AND THE NETHERLANDS WHICH U.S. BELIEVES HAVE AN EFFECT SIMILAR TO THE DISC.

2. THE PANELS ARE TO HAVE IDENTICAL MEMBERSHIP CONSISTING OF A CHAIRMAN, TWO GATT EXPERTS AND TWO TAX EXPERTS, (REFS. B AND C) TO BE SELECTED WITH T;E AGREEMENT OF T;E PARTIES CONCERNED. AMBASSADOR PETER LAI OF MALAYSIA IN GENEVA HAS BEEN SELECTED AS CHAIRMAN. TENTATIVE AGREEMENT HAS BEEN REACHED ON THE GATT EXPERTS. WE ARE PRESENTLY ATTEMPTING TO REAC; AGREEMENT ON THE TAX EXPERTS.

3. THE WORK OF THE PANELS WILL INVOLVE AN IMPORTANT APPLICATION OF THE SUBSIDIES PROVISIONS OF ARTICLE XVI OF THE GENERAL AGREEMENT TO THE U.S. DISC LEGISLATION AND TO THE TAX PRACTICES OF THE EUROPEAN NATIONS CONCERNED. IN VIEW OF THE COMPLEXITY AND IMPORTANCE OF THE ISSUES IN THESE CASES, IT IS IMPORTANT THAT THE PANEL MEMBERSIP INCLUDE TAX EXPERTS WHO POSSESS THE PROPER TAX EXPERTISE AND OBJECTIVITY TO ANALYZE THE VARIOUS TAX PRACTICES INVOLVED.

4. IT IS DIFFICULT TO ESTIMATE THE AMOUNT OF TIME AND EFFORT WHICH PARTICIPATION ON THE PANELS MAY REQUIRE. HOWEVER, WE ESTIMATE THAT IT WILL INVOLVE INTERMITTENT SERVICE OVER AN EXTENDED PERIOD OF TIME - AT LEAST AS MUCH AS A YEAR. IT IS EXPECTED THAT THE PANELS WILL MEET IN GENEVA TO HEAR ORAL PRESENTATION OF BOTH PARTIES' CASES WITH RESPECT TO EAC OF THE FOUR COMPLAINTS. IT IS HOPED THAT MEETINGS OF THE PANELS COULD BE KEPT TO A MINIMUM SO AS TO MINIMIZE THE INCONVENIENCE TO PANEL MEMBERS. PANEL MEMBERS, AFTER CONCLUSION OF THE FOUR PANEL PROCEEDINGS, WILL HAVE TO PARTICIPATE IN THE PREPARATION OF THE PANELS' REPORT AND RECOMMENDATIONS WITH RESPECT TO EACH COMPLAINT.

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5. WE WOULD LIKE YOUR VIEWS AS TO WHETHER DR. RAEDLER MEETS THESE QUALIFICATIONS. IN ADDITION, WE ARE INTERESTED IN HIS VIEWS ON THE DISC LEGISLATION IF KNOWN.

6. IF YOU FEEL DR. RAEDLER IS QUALIFIED, REQUEST THAT YOU INQUIRE WITHOUT OFFERING POSITION WHETHER HE WOULD BE WILLING TO SERV: AS A TAX EXPERT MEMBER ON FOUR GATT

PANELS.

7. SINCE WE MAY SOON BE MEETING WITH THE EC TO REACH
FINAL AGREEMENT ON THE PANEL MEMBERSHIP, WE WOULD
APPRECIATE A RESPONSE AS SOON AS POSSIBLE. SISCO

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